## CITY OF REDMOND ORDINANCE NO. 2567

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING SECTION 5.04.080 OF THE REDMOND MUNICIPAL CODE INCREASING THE BUSINESS LICENSE FEE; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, chapter 35A.82 of the Revised Code of Washington authorizes the City to require business licenses and to impose business license fees for the purpose of regulation and revenue; and

WHEREAS, the City of Redmond approved the creation of a business tax on December 17, 1996, for the purpose of improving Redmond's transportation system and transportation demand management programs; and

WHEREAS, the City of Redmond recognizes the importance of an effective transportation system, that includes capital projects and effective management of travel demand and travel choices for maintaining community well-being and conducting commerce in the City; and

WHEREAS, the City of Redmond promotes a strong multi-modal transportation system that offers real travel choices, with improved connections both within and through Redmond and between Redmond and the region; and

WHEREAS, the City has determined that an increase in the business license fee is necessary in order to provide additional revenue for transportation capital and transportation demand management projects.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City Code.

Section 2. Amendment of Subsection. Section 5.04.080 of the Redmond Municipal Code is hereby amended to read as follows:

5.04.080 Fees - Payment.

(A) Reporting by Hours Method. The annual business license fee is calculated by determining the number of employee hours worked in the city of Redmond during the previous year and then multiplying that figure by [\$0.046875]. \$0.047396 for 2011, which represents a base fee multiplier of \$0.018229 and a transportation fee multiplier of \$0.029167 per employee hour worked.

For 2012, the business license fee will be calculated by determining the number of employee hours worked in the city of Redmond during the previous year and then multiplying that figure by \$0.047917, which represents

## a base fee multiplier of \$.018229 and transportation fee multiplier of \$0.029688 per employee hours worked.

- (1) Repealed.
- (2) Repealed.
- (3) Annual employee hours are calculated based on the sum of the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year.
- (4) It shall be the responsibility of the employer to determine the number of hours worked within the city from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of hours worked within the city and demonstrate, if required, to the satisfaction of the finance director, that the number of employee hours worked is correct.
- (5) Employers without a full year history would need to estimate the number of employee hours that will be worked in the current calendar year.
- (6) If a business has more than one location in the city of Redmond, the annual business license fee calculation must include annual employee hours at all locations.
- (7) Businesses with more than one location must use the same method of calculation for all locations.
- (B) Reporting by FTE Method. A business may choose to calculate its annual license fee based on

the number of its full-time equivalent employees. Using this method the annual business license fee is calculated by multiplying the number of full-time equivalent employees by [\$90] \$91 for 2011, which represents a base fee of \$35.00 and a transportation fee of \$56 per full-time equivalent employee.

For 2012, a business may choose to calculate the business license fee by multiplying the number of full-time equivalent employees during the previous year by \$92, which represents a base fee of \$35.00 and a transportation fee of \$57 per full-time equivalent employee.

- (1) Repealed.
- (2) Repealed.
- (3) Repealed.
- (4) Repealed.
- (5) Repealed.
- (6) The number of full-time equivalent employees shall be based on the sum of the full-time employees in the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year divided by four.
- (7) It shall be the responsibility of the employer to determine the number of full-time equivalent employees working within the city from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of full-time equivalent employees working in the city and demonstrate, if required, to the satisfaction of the

finance director, that the number of full-time equivalent employees is correct.

- (8) For businesses with employees who work less than 1,920 hours per year (the work hour figure used by the Washington Department of Labor and Industries) the total number of hours worked by all such employees during the four quarters of the previous year shall be added together and divided by 1,920 to determine the full time employee equivalency.
- (9) Employers without a full year history would need to estimate the number of full-time equivalent employees that will work in the city for the current calendar year.
- (10) If a business has more than one location in the city of Redmond, the annual business license fee calculation must include annual full-time equivalent employees at all locations.
- (11) Businesses with more than one location must use the same method of calculation for all locations.
- (C) If at any time during the year it appears that the number of employee hours worked or if using the FTE method the number of employees was underreported at the time of application or renewal, an additional license fee and a penalty on the additional license fee shall be due. The penalty shall be equal to twenty percent (20%) per annum of the additional fee, plus any accounting, legal, or administrative expenses incurred by the city in determining the under-reporting or in collecting the tax and penalty.

- (D) The license fee for a business required to be licensed under this chapter and not located within the city's corporate limits shall be calculated based upon the number of employee hours worked or the number of full-time equivalent employees within the city, but in no event shall the license fee be less than the minimum fee set forth in this chapter.
- (E) Businesses doing business in the city that have no employees physically working within the city shall pay the minimum license fee required under this chapter.
- (F) The minimum fee for any license issued under this chapter shall be [\$90.00] \$91.00 in 2011 and \$92.00 in 2012.
- (1) Exemptions. The following entities may claim an exemption from the license or renewal fee, but if exempt under this subsection such entities shall register under this chapter.
- (a) Any entity exempt from taxation under 26 U.S.C. Sec. 501(c)(3), upon furnishing proof to the finance director of its nonprofit status.
- (b) Governmental entities that engage solely in activities which are not exclusively governmental, such as some activities of a hospital or medical clinic.
- (c) A nonprofit business operated exclusively for a religious purpose that files with the city a copy of its current IRS 501 (C) (3) exemption certificate issued by the Internal Revenue Service.

- Civic groups, service clubs, social organizations that are not engaged in any profession, trade, or occupation, but are organized to provide civic, service or social activities in the city. Examples of such organizations may include but are not limited to: Soroptimists; Kiwanis; Rotary; American Legion; children's and adults' athletic organizations; and similar types of groups, clubs or organizations.
- (G) The annual license fee shall become due and payable on January 1st of each calendar year. The business license fee shall not be prorated for any part of any year.
  - (H) A licensee may request that the city refund that portion of the annual business license overpaid on the basis that the business miscounted the number of employee hours worked or the number of employees. The request must be in writing and the city must receive the request and all supporting payroll documentation no later than 60 days after the end of the licensee's fiscal year in which the error was made. If the finance director is satisfied that the business paid an excess business license fee, then the city will refund the excess fee paid by the business during either the current calendar year or one prior calendar year.
  - (I) Payment made by check shall not be deemed a payment of the fee unless and until the same has been honored in the usual course of business, nor shall acceptance of any such check operate as an acquittance or discharge of the fee unless and until the check is

honored. Any person who submits a business license fee payment by check to the city pursuant to the provisions of this chapter shall be assessed a NSF fee set by the finance director if the check is returned unpaid by a bank or other financial institution for insufficient funds in the account or for any other reason.

(J) If any person required by the terms and provisions of this chapter to pay a license fee for any period fails or refuses to do so, he shall not be granted a license for the current period until the delinquent license fee, together with penalties, has been paid in full. Any license fee due and unpaid under this chapter and any penalties thereon shall constitute a debt to the city and may be collected in court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this chapter be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portion of this chapter.

Section 4. Effective Date. This ordinance shall take effect five (5) days after passage and publication of an approved summary consisting of the title.

ADOPTED by the Redmond City Council this  $30^{\rm th}$  day of November, 2010.

CITY OF REDMOND

MARCHIONE, MAYOR

ATTEST:

Michelle M. MCGEHEE, CMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

Bv:

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

SIGNED BY THE MAYOR:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NO. 2567

November 23, 2010

November 30, 2010

November 30, 2010

December 6, 2010

December 11, 2010

ADOPTED 5-2;

YES: Allen, Cole, Margeson, Stilin and Vache;

NO: Carson and Myers